

Message Text

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ACTION EUR-12

INFO OCT-01 AF-08 ARA-10 EA-09 NEA-10 ISO-00 FEA-01

ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-15 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-10 FRB-01 IO-13 OPIC-06 LAB-04 SIL-01

AGRE-00 /179 W

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P R 221957Z OCT 76

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 3917

INFO ALL OECD CAPITALS 0505

AMEMBASSY ALGIERS

AMEMBASSY JIDDA

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMEMBASSY YAOUNDE

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

USINT BAGHDAD

AMEMBASSY TEHRAN

AMEMBASSY KINGSTON

AMEMBASSY MEXICO CITY

AMEMBASSY LAGOS

AMEMBASSY ISLAMABAD

AMEMBASSY LIMA

AMEMBASSY CAIRO

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AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: CIEC: TEXT OF "PRELIMINARY REMARKS OF THE G-19
REGARDING THE PROPOSAL ON AN INTERNATIONAL RESOURCES
BANK"

BEGIN TEXT

1. THE G-19 HAS CONSIDERED THE PROPOSAL ON AN
INTERNATIONAL RESOURCES BANK PRESENTED BY THE UNITED
STATES OF AMERICA. IT IS CLEAR THAT THIS MATTER, DUE
TO ITS COMPLEXITY, COULD NOT BE BROUGHT TO A FINAL
CONCLUSION WITHIN CIEC, AS THE PROPONENT SEEMS TO
SUGGEST IN ANTICIPATING FURTHER DISCUSSIONS IN OTHER
FORUMS, WHERE THE SAME PROPOSAL HAS ALSO BEEN PRESENTED.

FOLLOWING A PRELIMINARY EXCHANGE OF VIEWS BASED ON
THE PAPER SUBMITTED BY THE U.S., TO CIEC COMMISSIONS AND
THE Q'S AND A'S PAPER MADE AVAILABLE INFORMALLY BY THE
PROPONENT, THE GROUP OF 19 HAS A NUMBER OF QUERIES,
DOUBTS AND MISGIVINGS WHICH WE THINK IT WOULD BE USEFUL
TO EXPRESS AT THIS STAGE.

2. I WILL ONLY REFER TO THE GENERAL OBJECTIVES OF THIS
PROPOSAL, LEAVING TO ANY MEMBER OF THE GROUP TO RAISE
QUESTIONS OR MAKE COMMENTS ON SPECIFIC ASPECTS.

3. AS WE UNDERSTAND IT, THIS PROPOSAL IS MAINLY
DESIGNED TO ENSURE ACCESS TO EXPANDED MINERALS PRO-
DUCTION FOR THE INDUSTRIALIZED COUNTRIES.

WE ALSO UNDERSTAND THAT THE PROPOSAL SEEKS TO
ENCOURAGE AN INCREASED FLOW OF PRIVATE FINANCIAL AND
TECHNICAL RESOURCES TO THE DEVELOPING COUNTRIES
ENDOWED WITH MINERALS.

WE ARE NOT SURE TO WHAT EXTENT POLITICAL RISKS ARE
INHIBITING FACTORS IN INVESTMENTS IN DEVELOPING
COUNTRIES.

WE HAVE SERIOUS DOUBTS REGARDING THE CONSTRAINTS
THAT WOULD BE IMPOSED ON THE SOVEREIGNTY OF COUNTRIES
THROUGH THE TRILATERAL AGREEMENTS ENVISAGED IN THE
PROPOSAL. PARTICULARLY THE EXERCISE OF THE SOVEREIGN
CONTROL OF THE HOST COUNTRY OVER ITS NATURAL
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RESOURCES WOULD BE RESTRICTED AND THE PRIVATE FOREIGN
INVESTOR WOULD BE ON THE SAME FOOTING AS THE HOST
COUNTRY GOVERNMENT. IN ADDITION, WE HAVE IN MIND THE
COMMITMENTS THAT WOULD BE REQUESTED FROM HOST COUNTRIES
REGARDING MONETARY AND FISCAL POLICIES. WE WOULD BE
VERY INTERESTED IN RECEIVING CLARIFICATION ON THE
COVERAGE OF THE PROPOSAL. IN PARTICULAR WE WOULD
LIKE TO KNOW IF THE TRILATERAL AGREEMENT WOULD COVER

THE EXPLORATION PHASE. THE GROUP OF 19 HAS SERIOUS MISGIVINGS REGARDING THE INFLUENCE THE IRB WOULD HAVE ON AGREED UPON PRICE STABILIZATION SCHEMES WITHIN OR OUTSIDE THE INTEGRATED PROGRAM. INDEED IT SHOULD BE CLARIFIED WHAT WOULD BE THE RELATIONSHIP BETWEEN THE IRB AND THE COMMON FUND. WE WOULD ALSO LIKE TO HAVE A CLEARER IDEA OF THE ROLE OF THE IRB IN RELATION TO THAT OF EXISTING FINANCIAL INSTITUTIONS AND OTHER PROPOSED ARRANGEMENTS IN THE FIELD OF INTERNATIONAL FINANCE.

THE GROUP OF 19 WILL MAKE AVAILABLE ITS INITIAL REACTION AND OTHER VIEWS PRESENTED IN CONNECTION WITH THE IRB TO THE DEVELOPING COUNTRIES THAT PARTICIPATE IN THE DEVELOPMENT COMMITTEE OF THE IMF AND WORLD BANK, TO THE GROUP OF 24 AND TO THE GROUP OF 77.

OTHER MEMBERS OF THE G-19 WOULD WISH TO REFER TO SPECIFIC ASPECTS, PARTICULARLY RELATING TO THE FUNCTIONS OF THE IRB, WHICH, AS WE SEE, IS NOT INTENDED TO BE A LENDING INSTITUTION.

END TEXT

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